

- 7 -

## REMARKS

Claims 1-20 are currently pending in the application. Reconsideration of the rejected claims in view of the following remarks is respectfully requested. Claims 1 and 5 were amended for grammatical purposes. Claim 9 was amended for the Examiner's consideration.

### *35 U.S.C. §101 Rejections*

Claims 9 and 16 are rejected under 35 U.S.C. §101 as being directed to non-statutory subject matter. This rejection is respectfully traversed.

MPEP § 2106 defines statutory subject matter, which is clearly encompassed within the scope of the claimed invention. For example, MPEP § 2106 states, in part,

In practical terms, claims define nonstatutory subject processes if they:

--consist solely of mathematical operations without some claimed practical application (i.e. executing a "mathematical algorithm"); or

--simply manipulate abstract ideas, e.g. bid (Schrader, 22 F.3d at 293-294, 30 USPQ2d at 1458-59) or a bubble hierarchy (Warmerdam, 33 F.3d at 1360, 31 USPQ2d at 1759), without some claimed practical application.

However, the claimed subject matter is more than an abstract idea or solely a mathematical formula. The claimed invention is a manipulation of processing steps in order to authenticate or process a sale by an electronic transaction upon authorization from a first party and from a third party. Illustratively, the claimed practiced application includes:

processing the sale by an electronic transaction upon authentication by the first validation and the further validation.

This practiced application is further illustratively accomplished in the claimed invention by:

- 8 -

providing authentication for a sale by an electronic transaction when the pre-validation and validation provide authorization.

Additionally, MPEP § 2106, subsection 2(b), states in part:

A claim that requires one or more acts to be performed defines a process.... To be statutory, a claimed computer-related process must either:

(A) result in a physical transformation outside the computer for which a practical application in the technological arts is either disclosed in the specification or would have been known to a skilled artisan (discussed in i) below), or

(B) be limited to a practical application in the technological arts (discussed in ii) below). See *Diamond v. Diehr*, 450 U.S. at 183-84, 209 USPQ at 6 (quoting *Cochrane v. Deener*, 94 U.S. 780, 787-788 (1877)).

Further, MPEP § 2106, subsection 2(b)(ii) states, in part:

For such subject matter to be statutory, the claimed process must be limited to a practical application of the abstract idea or mathematical algorithm in the technological arts.... A claim is limited to a practical application when the method, as claimed, produces a concrete, tangible, and useful result; i.e. the method recites a step or act of producing something that is concrete, tangible, and useful.

Clearly, despite the Examiner's argument to the contrary, the claimed invention is operative, has utility, and produces a concrete, useful, and tangible result in view of *State Street Bank & Trust Co. v. Signature Financial Group Inc.*, 149 F.3d at 1368, 47 USPQ2d 1596 (Fed. Cir. 1998). For example, one concrete, useful, and tangible result is authentication of a sale by an electronic transaction. Another example of a concrete, useful, and tangible result is the processing of a sale by an electronic transaction.

- 9 -

The Examiner's attention is also respectfully directed to FIGS. 1 and 2, and to Applicants' specification, pages 3-6, which clearly and unmistakably disclose exemplary hardware (e.g. a computing system) and a profile table stored in a database. As shown, described and claimed, the invention includes specific, concrete, useful and tangible data (in the form of computer readable signals) that can be processed in the computing system to achieve concrete, tangible, and useful results (e.g. processing orders upon authorization).

As described above, both claims 9 and 16 have a practical application in the useful arts because they each recite a step or act (authorizing or processing a sale by an electronic transaction upon authorization) of processing something (a sale by electronic transaction) that is concrete, tangible, and useful. Accordingly, Applicants respectfully request withdrawal of the 35 U.S.C. § 101 rejection of claims 9 and 16.

### ***35 U.S.C. §102/103 Rejections***

Claims 1-4, 8, 9 and 13-15 are rejected under 35 U.S.C. §102(e) for being unpatentable over U.S. Patent Publication No.: 2002/0077837 issued to Krueger, *et. al.* ("Krueger"). Applicants submit that the rejections of claims 1-4, 8, 9 and 13-15 are rendered moot in view of the submitted Affidavit under 37 C.F.R. §1.131, by the named inventors.

More specifically, Applicants submit that the Rule 131 Affidavit is formally and substantively sufficient to establish that the Inventors had conceived and reduced to practice with due diligence the invention defined in at least independent claims 1, 8, 9 and 16 starting before the effective date of the primary reference to Krueger, i.e., December 16, 1999. The statements in the Affidavit show that the formal requirements of §1.131 are satisfied, namely:

- 10 -

- (1) the rejections to be overcome are under §102(e) and §103(a),
- (2) all the acts for completing the invention of claims 1, 9 and 16 were performed in a WTO country (e.g., France), and
- 3) the publication date of the Krueger reference, i.e., June 20, 2002, would not satisfy a 102(b) bar date.

It is respectfully submitted that the statements in the Affidavit are also sufficient to satisfy the substantive requirements of 37 C.F.R. §1.131. The Affidavit sets forth specific facts, of sufficient character and weight, to establish a date of conception before the effective date of the Krueger reference of December 16, 1999, and to show that the Inventors and their attorneys exercised due diligence from a time before the effective filing date of the Krueger reference to a constructive reduction to practice, i.e., to the filing of the application.

#### ***Date of Conception***

As stated in the Affidavit, a system and method for validating electronic payment by credit/debit card as disclosed and recited in independent claims 1, 8, 9, and 16 of the application (and those claims dependent thereon) was conceived by the Inventors before the effective date of the Krueger reference. Invention disclosure documentation is submitted with the Affidavit as supporting evidence of this prior date of conception. It is respectfully submitted that at least the invention disclosure evidence shows that the Inventors had a definite and permanent idea of the complete and operative invention of claims 1, 8, 9 and 16, as presently pending, prior to the December 16, 1999 effective date of the Krueger reference.

- 11 -

In particular, the accompanying evidence shows, textually, the features of claims 1, 8, 9 and 16. The original copy of the invention disclosure documentation evidences a date antedating the December 16, 1999 effective date of the Krueger reference. This and all other pertinent dates have been removed from the photocopies submitted with the Affidavit to prevent any potential prejudice to Applicants.

Applicants further submit that the Affidavit filed herewith shows, unequivocally, that the Inventors had in their possession a definite and permanent idea of the complete and operative invention of claims 1, 8, 9 and 16 starting before December 16, 1999 in a manner sufficient to satisfy the requirements of conception, as set forth in M.P.E.P. §§ 715.07 and 2138.04, and thus constitute *prima facie* evidence of Applicants' date of conception of the invention in this country before the effective date of the Krueger reference.

### **DUE DILIGENCE**

Applicants further submit that the Affidavit shows the Inventors and their attorneys exercised due diligence from a time before the December 16, 1999 effective date of the Krueger reference to a constructive reduction to practice, realized by the filing of the above-identified patent application in the European Patent Office on July 13, 2000, and in the United States on March 16, 2001.

The invention disclosure documentation was completed by the Inventors prior to the Krueger reference date of December 16, 1999. The attached Inventor Disclosure was provided to IBM counsel, and numerous discussions between the Inventors and counsel took place until a first draft of the application was forwarded to Inventors, Jacques Fieschi, Jean-Francois Le

- 12 -

Pennec, Patrick Michel, and Pascal Roy. Revisions were made and subsequent drafts were prepared and reviewed by the Inventors, until a final draft was forwarded to IBM for filing in the European Patent office on July 13, 2000. Thereafter, an executed United States application was timely filed, claiming priority of the European application, on March 16, 2001.

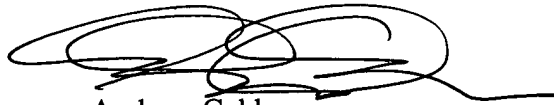
IBM patent counsel acted in an expeditious manner to prepare and forward the application to filing both the European and the United States applications. Under M.P.E.P. § 2138.06, only *reasonable* diligence is required in this regard. More specifically, § 2138.06 states that a patent attorney will be held to have exercised reasonable diligence if the attorney worked reasonably hard on the application during the critical period, taking into consideration any backlog of unrelated cases the attorney may have had and his completion of those cases along with the present application in chronological order. Applicants respectfully submit that the Affidavit shows that their patent attorneys acted sufficiently expeditiously to satisfy the requirements of due diligence. Applicants submit that the Affidavit submitted herewith are sufficient to show that the Inventors and their attorneys exercised due diligence the due diligence required under 37 C.F.R. § 131. The Affidavit shows that at least one Inventor remained in regular contact with patent attorneys to answer questions, provide technical explanation, and supply the supplemental disclosure materials necessary for enabling the application to be filed in an expeditious manner.

- 13 -

### CONCLUSION

Applicants believe that a full and complete response has been made to the pending Office Action and respectfully submit that all of the stated objections and grounds for rejection have been overcome or rendered moot. Applicants submit that all of the claims are allowable and are in condition for allowance. The Examiner is respectfully requested to pass the above application to issue. The Examiner is invited to contact the undersigned at the telephone number listed below, if needed. Prompt and favorable consideration of this reply is respectfully requested. Please charge any deficiencies in fees and credit any overpayment of fees to IBM Deposit Account No. 09-0457.

Respectfully submitted,



Andrew Calderon  
Reg. No. 38,093

Jonathan Thomas  
Reg. No. 50,352

Date: June 29, 2004

**McGuireWoods LLP**  
1750 Tysons Boulevard  
Suite 1800  
McLean, VA 22102-4215  
Tel: 703-712-5426  
Fax: 703-712-5285  
AMC/JET/jmp